

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)
)
Interconnection and Resale)
Obligations Pertaining to)
Commercial Mobile Radio Services)

CC Docket No. 94-54

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COMMENTS OF AMERITECH

Ameritech respectfully submits these Comments in the above-captioned matter before the Federal Communications Commission ("Commission"), endorsing at the outset the concern that adopting "rules could be at odds with our general policy of allowing market forces, rather than regulation, to shape the development of wireless technologies."¹ Under the guiding hand of marketplace forces, roaming arrangements have been successfully implemented among the more than 1,400 cellular carriers. Moreover, there is no evidence of unreasonable discrimination against PCS licensees with regard to the provision of roaming service.² The Commission should resist the urgings of a few parties to mandate specific automatic roaming arrangements among wireless carriers. Such a step would solve a nonexistent "problem", and could inadvertently stifle innovation and other typical natural results of marketplace operation.

¹ In the Matter of Interconnection and Resale Obligations Pertaining to Commercial Mobile Radio Services (CC Docket No. 94-54), Second Report and Order and Third Notice of Proposed Rulemaking, rel. August 15, 1996 (hereinafter "NPRM").

² NPRM, at 13 (& 20).

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It is indisputable that effective roaming arrangements have evolved naturally in the wireless marketplace, and Ameritech's experience supports this conclusion as well. In its twelve years of operation, Ameritech Cellular Services (Ameritech's cellular subsidiary) has successfully negotiated roaming agreements with every "B-side" cellular carrier, and over 95% of all "A-side" carriers, in the United States and Canada. During that time, no complaints have been filed alleging discrimination by Ameritech with respect to roaming . Nor has Ameritech Wireless Communications, Inc. (Ameritech's PCS affiliate, which was awarded licenses in the Cleveland and Indianapolis MTA's in June of 1995) experienced any form of discrimination regarding roaming arrangements; for that matter, neither has any other PCS provider despite being in the second year of the five-year buildout period for broadband PCS.

This result is not surprising, as the incentives to enter into liberal roaming agreements are strong in today's wireless marketplace. For example, over 40% of minutes of use from roaming calls made by Ameritech's cellular customers are placed from locations outside its overall service area.³ As this statistic indicates, both cellular carriers and PCS providers will have the same strong incentives to enter into roaming agreements -- despite the relatively larger size of PCS's MTA licensing areas.⁴

In addition to the fact that mandatory automatic roaming rules would be a "solution" in search of a non-existent problem, serious negative consequences would likely result from imposing such a construct on the evolving competitive wireless marketplace. As the Commission has noted, mandating automatic roaming would eliminate the ability of service providers to distinguish their

³ Ameritech's service area covers 43 cellular markets..

⁴ The NPRM noted that "broadband PCS license areas are significantly larger than cellular." NPRM, at 13 (& 19). Calling patterns such as the one explained here militate against the resulting assumption that PCS providers would have less incentive to deploy roaming capabilities.

services based upon the roaming plans and services they offer to customers.⁵ If uniform roaming agreements were mandated by the Commission, product differentiation would be impossible because the underlying cost of roaming would be the same for all CMRS providers. Ameritech has more than ten different pricing structures currently, each one negotiated to meet the mutual needs and interests of Ameritech and the other CMRS provider.

Mandating nondiscriminatory automatic roaming across the wireless services marketplace could also severely aggravate the industry's serious problem of fraud,⁶ by lifting the protective measures already adopted by many service providers, as the Commission has noted.⁷ In this regard, Ameritech's cellular affiliate applies an entire set of criteria to prospective roaming partners, including whether the entity in question (1) belongs to one of the clearinghouses commonly used for financial settlements⁸ and (2) employs and maintains a call-validation system for fraud prevention. A pure non-discrimination requirement would prohibit the use of such criteria, as well as the use of other measures like requiring a validated credit card number for manual roaming where fraud is especially prevalent.

In addition to these adverse market effects of mandating automatic roaming among all CMRS providers, the acknowledged costs of deploying mandatory automatic roaming should be recognized as non-trivial. In addition to the administrative costs of negotiating such agreements with over 2,000 broadband PCS providers, the Commission should note the substantial infrastructure costs of

⁵ NPRM, at 16-17 (&& 28-9).

⁶ Fraud in the cellular industry is estimated to cost over \$400 million - <http://www.fcc.gov/wtb/cellfrd.htm>.

⁷ NPRM, at 17 (& 30).

⁸ CMRS providers become liable for unauthorized roamer usage 1 hour after the home CMRS provider posts a negative file at the clearinghouse so clearinghouses help shut off use of a cellular phone once fraud has been detected on an account.

developing and loading software into switches, modifying billing systems, updating and loading customer information, and establishing new settlements procedures and processes.

For the above reasons, the Commission should reaffirm its earlier decision not to order mandatory automatic roaming arrangements for all CMRS providers. The marketplace has produced, and will continue to produce, the desired policy effect without the need to impose such artificial regulatory measures, which are unneeded and would have serious adverse consequences.

Respectfully submitted,


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